

## Message Text

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DRAFTED BY IO/SCT MR CAVANAUGH

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UNCLAS STATE 168012

FOLLOWING REPEAT STATE 168012 ACTION MADRID JUL 16

QUOTE

UNCLAS STATE 168012

E.O. 11652: N/A

TAGS: EGEN

SUBJECT: NUCLEAR POWER STATION LOAN-EXIMBANK

THE BOARD OF DIRECTORS OF EXIMBANK ON JULY 14, 1975 AUTHORIZED A PRELIMINARY COMMITMENT FOR A LOAN OF \$86,548,000 TO UNION ELECTRICA SA, ENERGIA E INDUSTRIAS ARAGONESAS S.A., AND ELECTRICAS REUNIDAS DE ZARAGOZA SA, JOINTLY AND SEVERALLY TO FINANCE 45 PERCENT OF THE COST OF ONE 1000 MW NUCLEAR POWER STATION AT TRILLO, PROVINCE OF GUADELAJARA.

TERMS CALL FOR THE BORROWER TO MAKE CASH PAYMENT OF 10 PERCENT OF THE COST OF \$19,233,000. THE BALANCE OF 45 PERCENT OR \$86,547,000 WILL BE EXTENDED BY FINANCIAL INSTITUTIONS ON TERMS ACCEPTABLE TO EXIMBANK. TWO THIRDS OF SUCH PRIVATE FINANCING EQUIVALENT TO 30 PERCENT OF CONTRACT PRICE, WILL BE GUARANTEED BY EXIMBANK. REPAYMENT OF FINANCED PORTION TO BE MADE SEMI-ANNUALLY OVER A PERIOD OF 12 YEARS ON THE PLANT COSTS AND 5 YEARS ON THE FUEL COSTS, BEGINNING SIX MONTHS AFTER START-UP BUT NOT LATER THAN JUNE 15, 1982. EXIMBANK REPAID FROM LATER

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MATURITIES. EXIMBANK INTEREST RATE IS 8 PERCENT PER ANNUM,

GUARANTEE FEE 1 PERCENT PER ANNUM, COMMITMENT FEE ON LOAN IS 1/2 PERCENT PER ANNUM, AND COMMITMENT FEE ON GUARANTEE IS 1/8TH OF 1 PERCENT PER ANNUM. SECURITY FOR EXIMBANK LOAN AND GUARANTEE SHALL INCLUDE UNCONDITIONAL REPAYMENT GUARANTEES OF ACCEPTABLE FINANCIAL INSTITUTIONS, NEGATIVE PLEDGE ON PROJECTS LAND, PLANT AND EQUIPMENT, NO DIVIDENDS OR OTHER DISTRIBUTIONS IN ANY YEAR IN EXCESS OF ANNUAL EARNINGS DURING EXIMBANK LOAN TERM, OBLIGOR'S INDEBTEDNESS AND CONTINGENT LIABILITIES NOT TO EXCEED 125 PERCENT OF COMBINED EQUITY DURING EXIMBANK LOAN TERM.

WE ARE ADVISING BORROWERS OF THIS ACTION, WHICH WILL BE DETAILED IN A PRELIMINARY COMMITMENT LETTER TO BE SENT TO BORROWERS IN NEXT FEW DAYS. THIS PRELIMINARY COMMITMENT EXPIRES OCTOBER 30, 1975. PRIOR TO EXPIRATION BORROWER MUST SUBMIT APPLICATION FOR LOAN TO EXIMBANK DEMONSTRATING ECONOMIC, FINANCIAL AND TECHNICAL FEASIBILITY OF THE PROJECT.

FURTHER, EXIMBANK'S LEGISLATION REQUIRES THAT LOAN OF THIS SIZE MUST BE REPORTED TO THE U.S. CONGRESS AT LEAST 25 DAYS OF CONTINUOUS SESSION OF THE CONGRESS PRIOR TO DATE OF FINAL APPROVAL OF THE LOAN BY EXIMBANK. KISSINGER UNQUOTE KISSINGER

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